

DDA
76-1963

20 APR 1976

MEMORANDUM FOR: Director of Central Intelligence
FROM : John F. Blake
Deputy Director for Administration
SUBJECT : Interim Reply to the Management
Advisory Group
REFERENCE : Memo dtd 30 Mar 76 to the Director from
The Management Advisory Group; subject:
The CIA Retirement and Disability System

1. On 30 March 1976 the Management Advisory Group prepared a memorandum recommending several far-reaching changes to the CIA Retirement and Disability System (CIARDS). The memorandum raises both interesting and serious questions which need to be thoroughly studied.

2. The Office of Personnel estimates that a reply, for your signature, to the Management Advisory Group will be completed in two weeks, by 3 May 1976.

3. It is suggested that you send an interim response to MAG. Such a response is attached for your signature.

/s/ John F. Blake

John F. Blake

Attachment

(Signed) F. W. M. Jaeney

Originator:

Director of Personnel

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OP/RAD/ [] :pja(16 Apr 76)

Retyped:ODD/Pers/SP: [] jp(16 Apr 76)

DDA 76-1963

MEMORANDUM FOR: The Management Advisory Group
FROM : George Bush
Director
SUBJECT : The CIA Retirement and Disability
System

1. This is in reply to your memorandum of 30 March 1976
on the same subject.

2. I have asked the Deputy Director for Administration
to make a thorough study of the points offered in your memo-
randum and to report his findings and recommendations to me.
It is my intention to review his submission carefully before
I frame a final reply to you.

3. We expect that a final reply to you will be ready
by 3 May 1976.

4. I commend the Management Advisory Group on the
obvious interest in improving the CIARBS and the thoroughness
of the effort reflected in your memorandum.

George Bush (Signed) F. W. M. Janney

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Director of Personnel

J. E. J. G.

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OP/RAD [] pja (16 Apr 76)
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MEMORANDUM FOR: Director of Central Intelligence
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DDIA Category
76-1685

FROM : The Management Advisory Group
SUBJECT : The Central Intelligence Agency Retirement and Disability System
(CIARDS)

1. There is an immediate need to introduce legislation to equalize CIARDS benefits with those accorded other federal employees engaged in activities considered as difficult and hazardous as intelligence work.

2. CIARDS was enacted in 1964 and was designed to permit the CIA to retire approximately 30 percent of its employees who, because of the nature of their work, suffer from physical and mental exhaustion at a relatively early age or, because their skills are not applicable to other fields, become occupationally surplus. In passing this legislation, Congress specifically recognized the need for a young and vigorous group of employees to carry out the mission of the CIA and considered this program to be a means of ensuring the availability of fresh new talent. The law provides an annual annuity computation rate of 2 percent for each year of government service up to a maximum of 70 percent. There is no reduction for age under 55 years for those who retire either voluntarily or involuntarily under CIARDS. Mandatory retirement is at age 60.

3. At the request of a number of Agency employees, the MAG undertook a comparative study of CIARDS benefits relative to the special retirement benefits granted other federal employees. This review shows that the CIARDS benefits have not kept pace with those of other systems. MAG recommends that you approve action to propose legislation to amend CIARDS as follows:

A. Change the annuity computation rate from its present 2 percent to 2 1/2 percent for all years of Agency service and 2 percent for military and all other government service.

B. Reduce the maximum retirement age from 60 to 56 years of age or 20 years of government service, whichever is later. DCI authority to grant exceptions through age 60 would be limited to cases involving special needs of the Agency.

C. Provide a lump-sum payment of \$50,000 to the survivor of an employee killed in the line of duty.

D. Amend the maximum annuity authorized from 70 percent to 80 percent.

4. Since CIA employees are prohibited from being represented by unions or associations, it is incumbent on Agency management to introduce legislation on behalf of its employees. Many employees suffer undue hardship, personal inconveniences and suffering in serving CIA. We should ensure they receive all the benefits they are entitled to.

STATINTL

The Management Advisory Group

Attachments:

Comparative Study of Special Retirement Systems
Legislative History of Special Retirement Benefits

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ADMINISTRATIVE - INTERNAL USE ONLY

Comparative Study of Special Retirement Systems

It took some 18 years for certain CIA employces who served in hazardous assignments and/or positions of unusual mental, emotional and/or physical stress, to be granted the benefits accorded members of the Foreign Service.

When the CIA Retirement Act for Certain Employees was enacted in 1964, Congress recognized that CIA employees serve under conditions at least as difficult as, and frequently more onerous and dangerous than, the conditions that led to improved retirement benefits for the Foreign Service and certain personnel of the FBI and other law enforcement agencies. Like members of the military services, CIA employees are obligated to serve anywhere in the world according to the needs of the Agency. Congress recognized that CIA employees perform hazardous and specialized overseas duties in the conduct and support of intelligence activities. They further recognized that overseas CIA work produces "physical difficulties" and "motivational exhaustion" which virtually terminate the usefulness to CIA of certain employees.

The CIA requires younger and more vigorous officers than generally required in government service. Congress, during its hearings, indicated that it was impressed with the need for a young service by urging the Agency to encourage, and in some cases direct, early retirement. In addition, they noted that "the dynamic nature of intelligence work produces sudden and sometimes radical shifts in the types of personnel required and in their deployment," making some employees "occupationally surplus." It is increasingly difficult for former CIA employees to find new employment because their skills are not always applicable to other fields and because employers are hesitant to hire former intelligence officers. This has never been more apparent than with today's image of the CIA employee.

PL 93-350 was passed in 1974 in recognition that it was not economically feasible for a federal law enforcement official or firefighter to retire in his early fifties at the 2 percent annuity computation rate then in force. At the same time that the law increased the annuity rate to 2 1/2 percent, it reduced the maximum retirement age to 55 years or 20 years of service, whichever came later. Some of the agencies employees who were initially identified for this increased rate include: FBI (8,600 employees); Bureau of Prisons (5,000); Immigration and Naturalization (2,400); Marshals (800); DEA (800); ONI (5,000); Postal Inspectors (1,800); IRS (4,500); Customs (2,600); and Secret Service (1,200).

PL 91-509, passed in 1970, provides the most liberal retirement benefits granted to any government employee to date. It calls for a 2 1/2 percent rate for the first 20 years of service and 3 percent for all years over 20. It also is based on the salary at time of retirement. A most important feature of the act is a \$50,000 lump-sum payment to the survivor of an individual killed in the line of duty. These benefits cover members of the Metropolitan Police, U.S. Park Police, Executive Protective Service, D.C. Fire Department and certain members of the Secret Service.

Liberalized retirement benefits had not been limited to the Foreign Service and law enforcement employees prior to the enactment of the CIA act. Since 1948, Members of Congress and, subsequent to that time, Congressional employees have been entitled to greater computation rates. In 1964, Architect of the Capitol personnel and in 1966, Botanic Garden employees were covered under the Congressional retirement program. The annuity is based upon 2 1/2 percent for each year of service as a Member of Congress or Congressional employee; for up to 5 years of military service (for which one is not receiving retirement pay); and, in the case of a Member of Congress, for military service performed while on leave of absence during a war or national emergency. If the total service calculated at 2 1/2 percent does not equal 10 years, then those years of additional government service not calculated at 2 1/2 percent are calculated at 1 3/4 percent, not to exceed a combined total of 10 years. All other service in excess of the combined 10 years of service is calculated at a 2 percent rate. The annuity for a Member of Congress may not exceed 80 percent of his final salary. A Congressional employee's annuity may not exceed 80 percent of his high-three average salary.

Special recognition should be taken of the benefits accorded air traffic controllers in 1972. Because of the stresses associated with that work, mandatory retirement is at age 56. An employee who is voluntarily or involuntarily separated after completing 25 years of service as an air traffic controller or after becoming 50 years of age with 20 years of service is entitled to an annuity no less than 50 percent of his average pay. In addition, the air traffic controller career program provides for up to 2 years of full-time training for those controllers with at least 5 years of service who are, because of physical and/or emotional stress, unable to continue to perform as controllers. They continue to draw their full salary and are entitled to any increase in rate of basic pay provided by law. They are excluded from staffing limitations. If after 2 years they are not assigned other duties, they may be released for transfer to another federal agency, or involuntarily separated. Approximately 700 controllers annually are participating in this career training program out of a total complement of 14,000 employees.

The benefits cited above are not meant to be all encompassing, but rather to highlight liberalized benefits extended to other federal employees. If one can assume that in 1964, certain CIA employees warranted special recognition, then CIA employees' benefits should also be liberalized to keep pace with these other systems.

Executive Order 11491 of October 29, 1969 amended the government-wide plan for labor-management relations established in 1962. However, the CIA and FBI are specifically excluded from participating in labor-management relations. Subsequently, the U.S. Foreign Service (State, AID, and USIA) was removed to a separate program of its own in 1971. Whereas the organizations and unions representing Federal employees have played a most significant role in increased benefits for their employees, CIA employees have no such spokesmen. Without same, it is incumbent upon CIA top management to represent its employees' interests.

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CIA employee morale has suffered over the last few years. Congress in its investigations, while criticizing Agency practices and procedures in the past, has never questioned the dedication of, and hard work expended by, CIA employees. Our employees have often heard that CIA takes care of our own. The facts do not bear this out, at least in the area of benefits. Management should show our employees that it cares by introducing proposals for increased retirement benefits on their behalf.

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Legislative History of Special Retirement Benefits

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LEGISLATIVE HISTORY OF SPECIAL RETIREMENT BENEFITS

<u>PUBLIC LAW</u>	<u>DATE OF ACT</u>	<u>BENEFITS</u>
79-601	2 Aug 1946	Coverage for Members of Congress. Annuity at rate of 2 1/2 percent of average annual salary as a member times years of service as member, but no more than 3/4ths of last salary
79-724	13 Aug 1946	Enacted Foreign Service Act to include retirement at age 50 after 20 years with annuity equal to two percent of average salary up to 35 years of service credit. Provides for 1 1/2 years of service credit for each year of service at unhealthful posts except that no such extra credit for service shall be credited to anyone who receives a salary differential. (Option remains with employee)
80-168	11 Jul 1947	Provided retirement for FBI employees to retire at age 50 after 20 years of service with annuity computation equal to two percent of average salary
80-879	2 Jul 1948	Extended same liberalized FBI benefits to officers and employees whose duties "are primarily the investigation, apprehension, or detention of persons suspected of offenses against criminal laws of the United States"
86-604	7 Jul 1960	Liberalized annuity benefits for members of Congress and Congressional Employees
86-622	12 Jul 1960	Provided additional annuity for certain long-term employees and reemployed annuitants and liberalized benefits for Members of Congress
88-267	7 Feb 1964	Included service by Architect of the Capitol personnel as "Congressional Employee" service
88-643	13 Oct 1964	Provided retirement benefits to certain CIA employees. Permitted CIA Director to mandatorily retire at age 50 with 20 years or 25 years at any age, anyone who had at least 10 years with CIA and 5 years qualifying service. Annuity computation equal to two percent of average salary. Maximum retirement pay set at 70 percent of average salary.

<u>PUBLIC LAW</u>	<u>DATE OF ACT</u>	<u>BENEFITS</u>
89-604	26 Sep 1966	Included service for United States Botanic Garden personnel as "Congressional Employee" service
89-737	2 Nov 1966	Provided that premium pay under Section 5545 (c)(1) shall be considered "basic pay" for civil service retirement purposes
90-206	16 Dec 1967	Fixed maximum basic annuity benefit at 80 percent of final pay received by a former member of Congress reemployed with Member-annuity title
91-509	26 Oct 1970	Provided retirement on immediate annuity after 20 years regardless of age. Annuity computed on basis of 2 1/2 percent for first twenty years and 3 percent for all years over 20 on salary at retirement. Maximum retirement pay set at 80 percent. Also provides \$50,000 lump-sum payment to survivor of individual covered who is killed in the line-of-duty. Law covers Metropolitan Police Department, Executive Protective Service, the D.C. Fire Department, U.S. Park Police and certain contingents of US Secret Service
92-297	15 May 1972	Provided liberalized benefits for air traffic controllers. Mandatory retirement at age 56. Annuity entitlement after 25 years as controller or 20 years and age 50. Annuity not less than 50 percent (2 1/2 percent). Law also provides equivalent of 2 years of full-time training for controllers with 5 years of service who are unable to continue to perform as controllers. After 2 years during which they are entitled to all benefits, they be reassigned within DOT, transferred to another federal agency or involuntarily separated.
93-350	12 July 1974	Liberalized retirement benefits for "law enforcement" employees and firefighters (approximately 41,700 employees). Mandatory retirement at age 55 or after 20 years, whichever occurs later. Computation rate increased to 2 1/2 percent on first 20 years and 2 percent for years exceeding 20. Premium pay for uncontrollable overtime as part of basic pay for average salary.

EXCERPTS FROM CONGRESSIONAL TESTIMONY ON 20 SEPTEMBER 1973 RE PL 93-350

Congressman DULSKI

"To maintain a staff of relatively young and vigorous men capable of carrying out the government's criminal law.....by the replacement of older men who, because of the stringent physical requirements of their positions and the unusual mental, emotional and physical stress encountered in performing their duties, are no longer able to perform at peak efficiency.

"The more liberal compensation factor was provided not as a reward for performance of hazardous duties, but because a more generous formula was necessary to make earlier retirement, with resultant shorter service, economically feasible."

"Make it more economically practicable for these employees to retire before reduced proficiency stamina make them a greater risk to themselves and others."

Congressman BRASCO

"First, to assist in maintaining a relatively young, vibrant and effective work force.....

Second, to make the recruitment program for the agencies competitive..
.....

While the intent of the legislation is not to reward our law enforcement officers and firefighters for performing their dangerous duties, but rather in recognition of the everyday psychological stress they must endure, it is a fact that these public servants do suffer fatalities and serious injuries during the course of daily activities."

Congressman RANGEL

"What the bill is doing is encouraging Federal law enforcement officers and firefighters to retire after 20 years. Why? Primarily so that these work forces will remain organizations with young people doing the hazardous work in which they are so involved. To put employees engaged in a hazardous occupation on the same level as other Federal employees with respect to retirement benefits is simply not proper. The Federal officers and firefighters experience hazards, isolation, loneliness, and indefinite hours and locations that other employees do not. And it takes young men to do the good job we require of them under these conditions.....Isolation from one's neighbors and friends is a common problem for these officers, but what may be even worse is the necessary lack of communication with one's family regarding his day-to-day activities. Combined with the hazards we all are aware of and the

indefinite working hours, isolation makes the officer's years of duty a continuous string of stressful days and nights. Yet, I ask, where would we be without his dedication and selfless efforts in combating organized crime?"

Congressman BRASCO

"Is it not a fact that their job descriptions and the assignments that we in the Congress want them to perform, and the service the American people expect to receive make them different because they are firefighters and law enforcement personnel and must put their lives on the line daily, 24 hours a day, which is not so of any other Federal employees in our committee's jurisdiction."

Congressman DANIELS

"While the element of hazard was, and is recognized, I wish to emphasize that the special treatment originally and presently accorded these employees, and the benefit levels proposed in this bill, are provided not as a reward for them having been subjected to an inordinate degree of hazard during the performance of their primary duties.....

.....by providing an incentive for young men and women to enter and remain in such careers, and that replacements within the service might be facilitated at younger ages without undue hardship."

Congressman HUNT

"Many members of the grouping covered by this bill seldom spend more than a few nights each week with their families. So they have given their lives to law enforcement and it is no more than right that we give these men some privileges, some real reason to stay in."

DCI/DDCI

DPA

Routing Slip

TO:

		ACTION	INFO.			ACTION	INFO.
1	DCI			11	IC		X
2	DDCI			12	IG		
3	S/MC			13	Compt		
4	DDS&T			14	Asst/DCI		
5	DDI			15	AO/DCI		
6	DDMAS&A	X		16	Ex/Sec		
7	DDO		X	17			
8	D/DCI/IC			18			
9	D/DCI/NIO			19			
10	GC		X	20			

SUSPENSE _____

Date

Remarks:

For review and recommendation. I owe
MAG an interim comment on this.

ecj
DCI/DDCI
2 APR 1976